

Costs of On-the-Job Tobacco Use

Costs to Employers

Smokers cost more than nonsmokers. The costs of employee tobacco use and secondhand smoke to the employer are significant. Direct costs to the employer include health care costs associated with tobacco use. Indirect costs include lost productivity, absenteeism, and recruitment and retaining costs resulting from death and disability related to smoking. Following is a list of some of the factors that contribute to smokers costing employers more than nonsmokers.

- Absenteeism
- Lost productivity
- Health insurance and life insurance costs and claims
- Worker's compensation payments and occupational health awards
- Accidents and fires (plus related insurance costs)
- Property damage (plus related insurance costs)
- Smoke pollution (increased cleaning and maintenance costs)
- Illness and discomfort among nonsmokers exposed to passive smoke

The cost to employers of employees who use tobacco is not a simple number; many factors and variables need to be considered. However, the most frequently cited estimate for the excess cost is approximately **\$1,400 per year per smoking employee** for increased medical costs. When lost productivity is factored in, such as due to increased absenteeism, the excess cost to employers increases to approximately **\$3,400 per year per smoking employee**.ⁱ

Health Care Costs that are Preventable for NC Governments

- Smoking and secondhand smoke are costly problems for the State Health Plan, which estimates that the annual direct medical costs of smoking and secondhand smoke is more than \$249 million.
 - This includes close to \$32 million from secondhand smoke and \$217 million from smoking.
 - This **does not count** indirect costs, such as absenteeism and lost productivity.
- Eliminating tobacco use in all NC government workplaces will not only eliminate exposure to a known health hazard, but will also help those who want to quit.

Smoking-Caused Monetary Costs in North Carolina

- Total health care costs in North Carolina directly caused by smoking are estimated at \$2.46 billion.
- Total losses in productivity in North Carolina caused by smoking are estimated at \$3.30 billionⁱⁱ

This total does not include health costs caused by exposure to secondhand smoke, smoking-caused fires, spit tobacco use, or cigar and pipe smoking. Other non-health costs from tobacco use include residential and commercial property losses from smoking-caused fires (more than \$500 million per year nationwide); extra cleaning and maintenance costs made necessary by tobacco smoke and litter (about \$4+ billion nationwide for commercial establishments alone); and additional productivity losses from smoking-caused work absences, smoking breaks, and on-the-job performance declines and early termination of employment caused by smoking-caused disability or illness.

Other Costs

Other costs arise from secondhand smoke. Historically, smoking restrictions were implemented to prevent fires and explosions in the workplace. These rules were established to protect products, machinery, and furniture rather than to protect the health of employees. Today, employees who implement smoke free policies for their building offices can save money for the same reason because computer equipment, furniture, and carpets last longer in a smoke free environment and require less maintenance.ⁱⁱⁱ

Research: Economic Effects of Secondhand Smoke.

Secondhand smoke is associated with increased rates of cancer, heart and lung disease, and increased rates of fetal and infant death. The authors of the research paper shown in the link below combine published data on secondhand smoke exposure, and increased death, medical and indirect costs, to estimate the total economic cost of secondhand smoke exposure in the United States.

Total annual costs for conditions with well-documented increases in morbidity, excluding economic losses related to pregnancy and the newborn, are estimated at over **\$5 billion in direct medical costs** and over **\$5 billion in indirect costs.**^{iv}

For more detailed information on the economic effects of secondhand smoke please link to:

[http://www.quitnownc.org/pdfs/ETSReportFinalDraft\(Final%202\)%5B1%5D.pdf](http://www.quitnownc.org/pdfs/ETSReportFinalDraft(Final%202)%5B1%5D.pdf)

Costs to Individuals and Society

The cost savings associated with a heart attack that is prevented, or with the delayed onset of cancer, are often difficult to calculate. Yet, reducing the prevalence of smoking behavior and secondhand smoke exposure in a worksite can save money, not only for the employer but also for individuals, and society as a whole. Individual costs in time, health, and money arise because smokers tend to:

- Have more hospital admissions
- Take longer to recover from illness and injury
- Have higher outpatient health care costs, and
- Have lower birth weight babies

ⁱ Centers for Disease Control and Prevention, Smoking-Attributable Mortality, Morbidity, and Economic Costs (SAMMEC), accessed August 7, 2007 at: <http://apps.nccd.cdc.gov/sammec/>

ⁱⁱ Campaign for Tobacco-Free Kids "The Toll of Tobacco in North Carolina" Fact Sheet, accessed August 8, 2007 at: <http://www.tobaccofreekids.org/reports/settlements/toll.php?StateID=NC>

ⁱⁱⁱ CDC, *Data Highlights 2006* and underlying CDC data/estimates; CDC's STATE System average annual smoking attributable productivity losses from 1997-2001 (1999 estimates updated to 2004 dollars); See also, CDC, "Annual Smoking-Attributable Mortality, Years of Potential Life Lost, and Economic Costs -- United States 1995-1999," MMWR, April 11, 2002; Zhang, X., et al., "Cost of Smoking to the Medicare Program, 1993," Health Care Financing Review 20(4): 1-19, Summer 1999; Office of Management & Budget, The Budget for the United States Government - Fiscal Year 2000, Table S-8, January 1999; Leistikow, B., et al., "Estimates of Smoking-Attributable Deaths at Ages 15-54, Motherless or Fatherless Youths, and Resulting Social Security Costs in the United States in 1994," Preventive Medicine 30(5): 353-360, May 2000. CDC, "Medical Care Expenditures Attributable to Smoking -- United States, 1993," MMWR 43(26): 1-4, July 8, 1994.

^{iv} Behan, DF, Eriksen, MP, and Lin Y. Economic Effects of Environmental Tobacco Smoke. Society of Actuaries. 2005.